

CHAPTER 3

PROJECT DESCRIPTION

Southern California Gas Company (SCG), in its California Public Utilities Commission (CPUC) application (A.99-05-029), proposes to value and sell surplus SCG property in Playa del Rey (PDR) and Marina del Rey (MDR), California.

3.1 PROJECT LOCATION

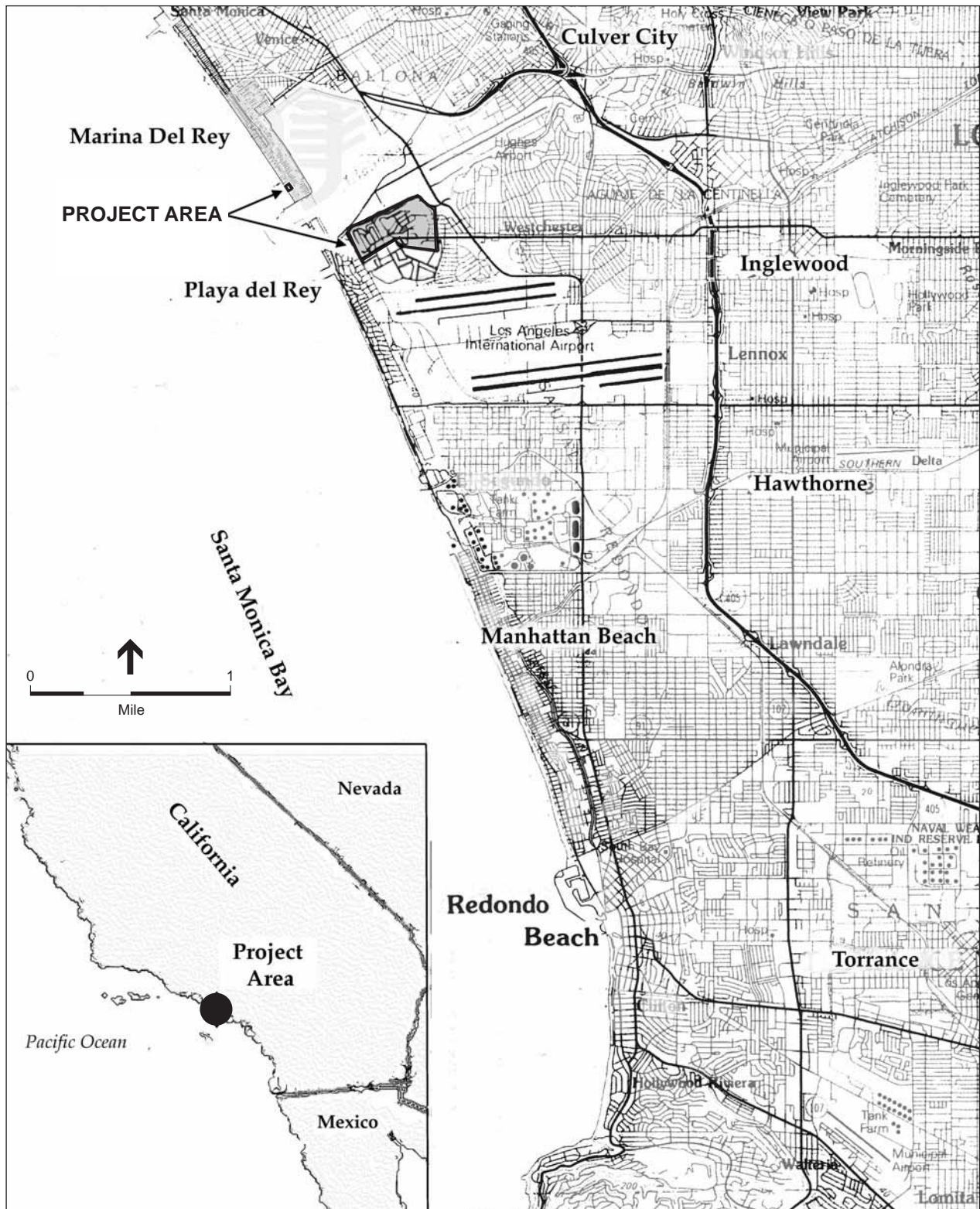
The project area is approximately four miles south of the city of Santa Monica, 1.5 miles north of the Los Angeles International Airport (LAX), and five miles west of Culver City, and is bordered by Santa Monica Bay to the west. PDR is located within the city of Los Angeles, and MDR is located within the county of Los Angeles. MDR is approximately two miles northwest of PDR, separated by the Ballona Wetlands and the MDR Channel. A general project location is shown on **Figure 3-1**, and an aerial photograph of the properties and surrounding area is presented in **Figure 3-2**.

3.2 PROJECT COMPONENTS

There are 34 undeveloped lots in PDR proposed for sale; these lots are grouped into eleven lot clusters that consist of one to eight lots each (see **Table 3-1**). The two MDR lots represent a single cluster and are located approximately two miles north of PDR. The combined acreage of all 36 lots is approximately 4.7 acres. Twelve of the lots contain an abandoned gas well that were once used by SCG as observation or monitoring wells for the PDR Gas Storage Facility. Cluster 1 contains a single well located on a single lot while cluster 8 is comprised of eight lots, each containing one well. SCG has maintained ownership of these lots and associated wells, which were used as oil production wells and/or converted for gas storage operations. In order to operate and maintain the wells, sufficient land around each well was required to support the transport and operation of heavy equipment employed to service the wells.

Per A.99-05-029, between 1998 and 1999 SCG conducted an open process sealed bid sale of these undeveloped lots and has selected four different, already-approved buyers. Sales agreements presented in A.99-05-029 anticipate that one buyer would purchase a single lot (Cluster 5), while the other three would acquire blocks of the remaining 35 lots.

See **Figures 3-3** and **3-4** for the mapped locations of the PDR and MDR lots.



SOURCE: Environmental Science Associates

Southern California Gas Company's Application to Value and Sell
Surplus Property at Playa del Rey and Marina del Rey Project / 202639

Figure 3-1
Project Vicinity Map



SOURCE: Environmental Science Associates

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Surplus Property at Playa del Rey and Marina del Rey Project / 202639

Figure 3-2
Aerial Map of Project Area

**TABLE 3-1
PROJECT LOTS AND ASSOCIATED ABANDONED WELLS**

Cluster No. / Location	No. of Lots	Well Designation	Date Abandoned
<i>Playa del Rey</i>			
1) Corner of 81st/Berger Place	1	Anglo American Champ No. 1	July 1958
2) North side of 82nd Avenue	2	Joyce 1	March 15, 1993
3) Corner of 83rd and Saran Drive	3	Lor Mar 1	December 1, 1992
4) 85th Street	2	O and M 1	April 1956
5) Saran Drive	1	Hisey 1	November 9, 1992
6) Manchester Avenue	3	Merrill 1	September 24, 1992
7) 83rd Avenue, middle of 81st–82nd	5	13-1	October 2, 1992
8) 79th and 83rd	8	23-1	July 14, 1993
9) 83rd Avenue (Western 83rd)	4	Samarkand 1	December 8, 1992
10) Falmouth / Calabar Avenue	3	29-2	July 26, 1994
11) Falmouth / Calabar Avenue	2	29-1	August 4, 1994
<i>Marina del Rey</i>			
12) Union Jack / Speedway	2	Troxel 1	March 15, 1994

SOURCE: Brown and Caldwell, 2002

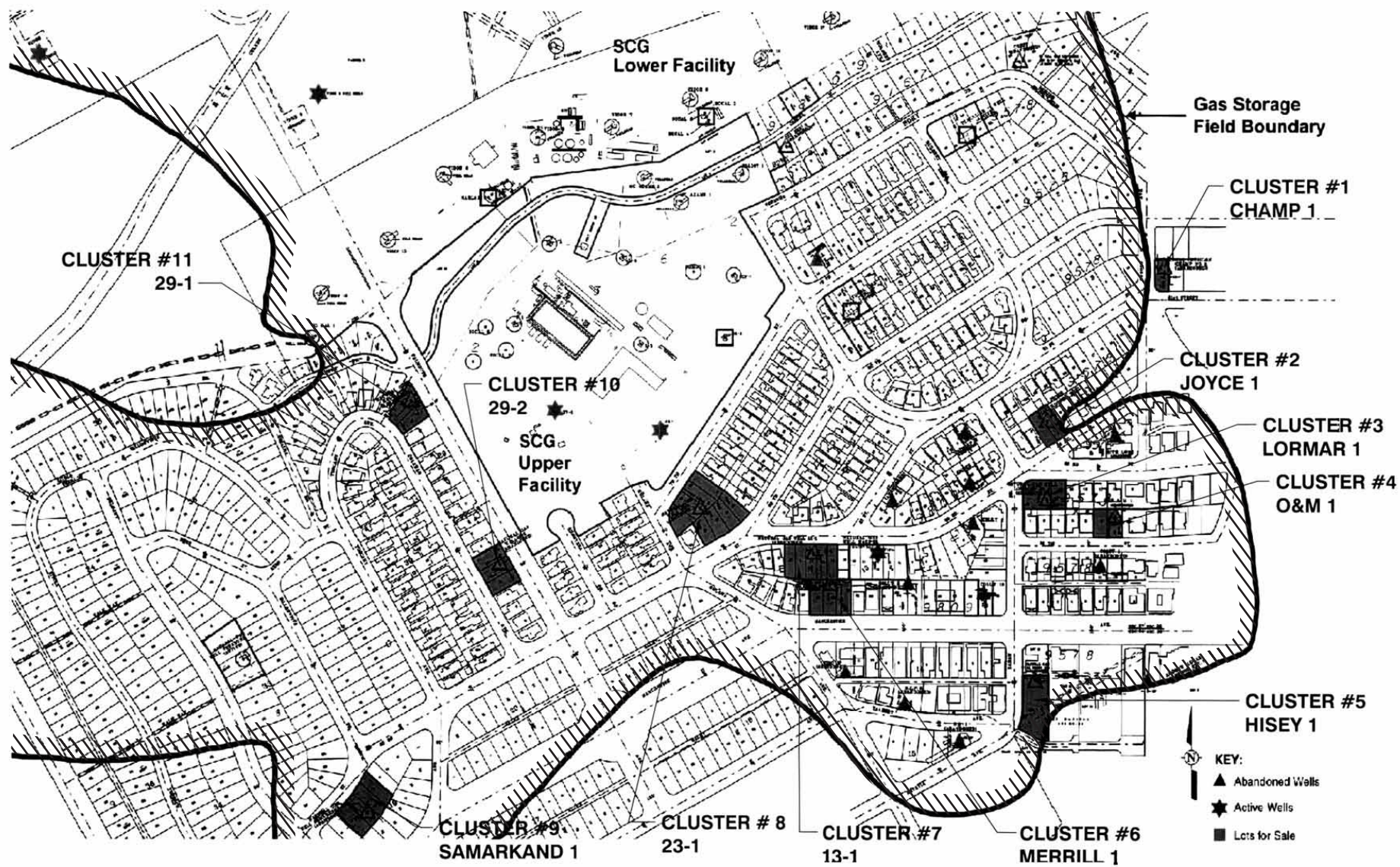
DESCRIPTION OF CLUSTERS/LOTS

Cluster 1 – Lot 6 on the Corner of 81st Street and Berger Place (Figure 3-5)

This lot is located at the northeast corner of 81st Street and Berger Place. Single-family homes border this lot on the north and east and are located across 81st Street and Berger Place. This lot is level, covered with grass, and has an approximate 4-foot brick divider wall on two sides.

Cluster 2 – Lots 3 and 4 on 82nd Street (Figure 3-6)

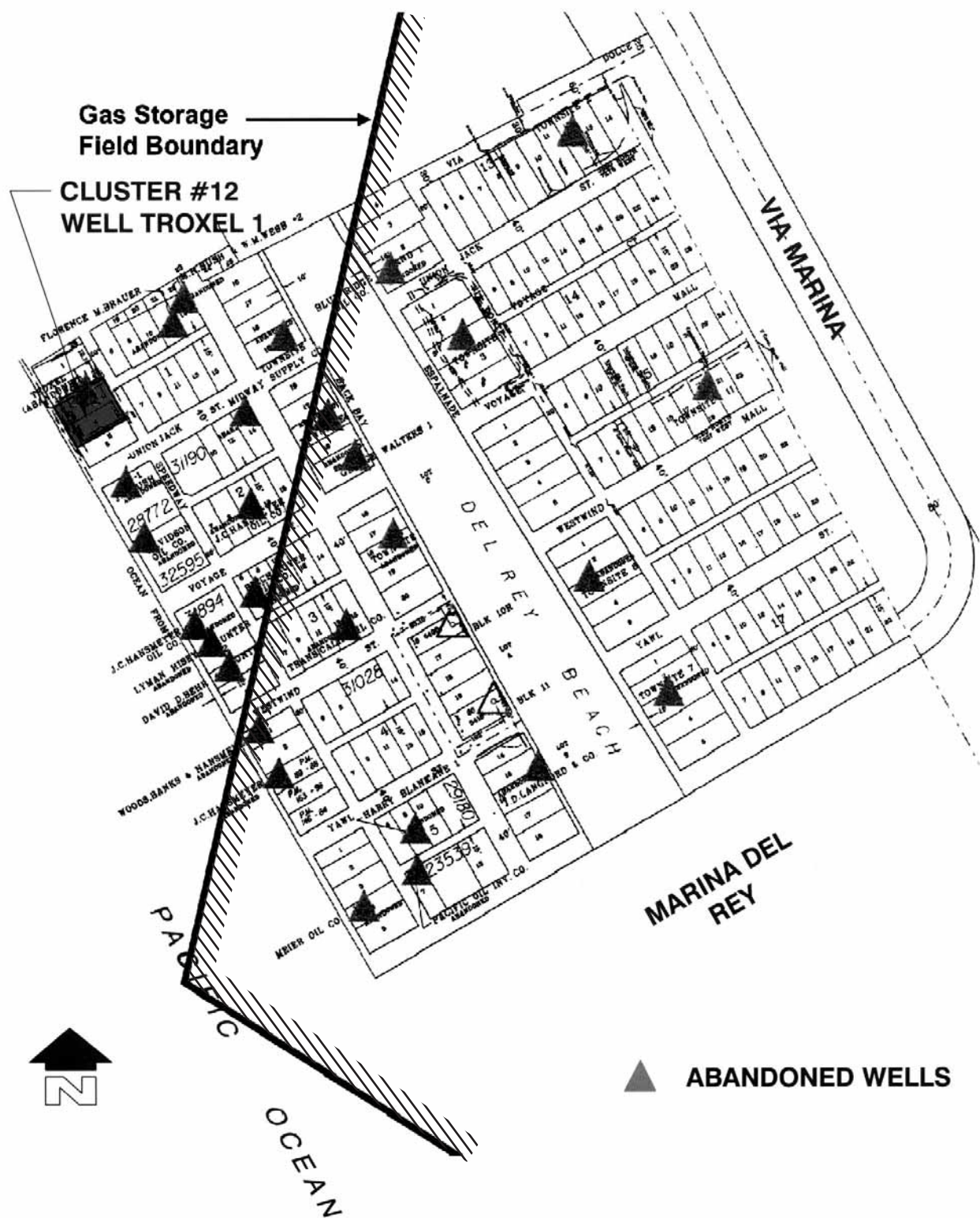
This group of adjoining lots is located along the north side of 82nd Street. The lots are surrounded by single-family homes and are unfenced. These lots are mostly level and contains vegetation, including trees and grass.



SOURCES: Environmental Science Associates, Southern California Gas Company

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Figure 3-3
Annotated Site Map - Playa del Rey



SOURCES: Environmental Science Associates, Southern California Gas Company

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Figure 3-4
Annotated Site Map - Marina del Rey

Cluster 3 – Lots 14–16 on 83rd Street (Figure 3-7)

This group of adjoining lots is located at the corner of 83rd Street and Saran Drive. These lots are surrounded by single-family homes. A wooden fence with a brick base borders one edge of the cluster. These sites are level and contain vegetation, including mature trees and grass.

Cluster 4 – Lots 6 and 7 on 85th Street (Figure 3-8)

This group of adjoining lots is located along 85th Street and is surrounded by single-family homes. These sites are mostly level, with mature vegetation trees, shrubs, and grass. The site is unfenced.

Cluster 5 – Lot 11 on Saran Drive (Figure 3-9)

This single lot is located along Saran Drive, south of Manchester Avenue. The lot is bordered on the west by Saran Drive and on the east and north by commercial shops and offices. An apartment complex is located across an alley, to the south of the lot. This lot is unfenced and contains mature trees, shrubs, and grass. Dirt trails and utility poles traverse the site.

Clusters 6 and 7 – Lots 14–18 on 83rd Street (Figure 3-10) and Lots 28–30 on Manchester Avenue (Figure 3-11)

This group of adjoining lots is bordered on the north by 83rd Street and on the south by Manchester Avenue. Single-family and apartment homes border these sites on the east and west. The lots are unfenced and mounds of dirt are located throughout the site. The lots contain mature trees, shrubs, and grass. Dirt trails traverse this cluster.

Cluster 8 – Lots 17–20 on 79th Street and Lots 82–85 on 83rd Street (Figure 3-12)

This group of adjoining lots is bordered on the north by 79th Street and on the south by 83rd Street. The lots are bordered by residential development to the east. One home, located at the corner of Gulana Avenue and 83rd Street, is surrounded on two sides by these undeveloped lots. These lots are unfenced and contain mature trees, shrubs, and grass. Dirt trails traverse this cluster.

Cluster 9 – Lots 5–8 on 83rd Street (Figure 3-13)

These adjoining lots are surrounded by single-family residential development. These lots are accessed from the northern edge along 83rd Street. Adjacent to the lots, on the south, are several small apartment complexes. These lots are not fenced and feature mature trees and a small grassy area with a bench.

Cluster 10 – Lots 5–7 on Calabar Avenue (Figure 3-14)

These lots are bordered on the north and south by single-family homes, on the west by Calabar Avenue, and on the east by Falmouth Avenue. Steep slopes on Calabar Avenue, approximately 25 feet higher than elevations on Falmouth Avenue, characterize the lots. Surrounding homes

with front entrances on Calabar Avenue and rear yards along Falmouth Avenue are built into the Calabar slope. These lots are not fenced and contain a mix of low-growing vegetation on the slope and some trees and shrubs along the northern and southern boundaries.

Cluster 11 – Lots 18 and 19 on Calabar Avenue (Figure 3-15)

This group of adjoining lots is bordered on the west by Calabar Avenue, on the east by Falmouth Avenue, and on the north and south by single-family detached homes. Steep slopes on Calabar Avenue, approximately 35 feet higher than elevations at Falmouth Avenue, characterize these lots. These lots contain a retaining wall on the north end and are fully fenced. In addition, a mix of low-growing vegetation, with a few trees and shrubs, is present along the northern and southern boundaries of the cluster.

Cluster 12 – Lots on Speedway Avenue in Marina del Rey (Figure 3-16)

These two adjoining lots are located north of Union Jack Street and between Speedway Avenue and Venice Beach on the MDR peninsula between Santa Monica Bay and the channel of MDR. The site is bordered on the north and south by multifamily apartment buildings, on the west by Venice Beach, and on the east by alleyways, lanes, and Speedway Avenue. These lots are fenced and covered with moderately sparse grass and sand.

3.3 PROJECT OWNERSHIP TRANSFER AND CONDITIONS

The sale of the lots would result in what is typically referred to as “clean and clear” of the sites; that is cleanup of each site to a level suitable to the approved buyers. The following discussion clarifies the transfer methods and conditions of the property sale.

CONDITIONS OF OWNERSHIP TRANSFER

Per SCG’s sale agreement, the lots are to be sold “as is” with subsurface and mineral rights being retained by SCG. Per California Public Resources Code Section 3251.5, SCG would be obligated to mitigate any well-related adverse effects on future beneficial uses of the surface rights associated with these lots for 15 years from the date of well abandonment (see Table 3-1 for dates of well abandonment). For example, SCG would be responsible for repairing a leaking abandoned well if the SCG storage field activities caused the leak.

LIABILITY

A thorough environmental investigation has been performed by SCG. Per A.99-05-029, the approved buyers have been provided with documentation from an independent environmental consultant employed by SCG detailing the conditions found and any remaining cleanup to be completed. The approved buyers have also been provided with adequate time to complete their own investigation, should they desire to do so. The buyers have the right to terminate the purchase agreement if site conditions differ from those represented by SCG. The sales agreements specify that the properties would be sold “as is,” with the new buyers assuming all

liability for cleaning up any remaining contamination from past use of the property. After the sale, the buyers would indemnify SCG and its ratepayers from any future liability for contamination found.

SCG has prequalified prospective buyers to ensure that liability would not revert back to SCG (and thus its ratepayers). SCG would evaluate the buyers to determine whether there is a corporate structure that could cause liability to revert back to SCG and its ratepayers. Among other things, SCG may require the buyers to provide financial assurance (such as environmental insurance, with SCG as the beneficiary) in the event that the new buyers fail to comply with laws and regulations or otherwise default on their obligations under the sales agreement.

ENVIRONMENTAL COMPLIANCE

Compliance with applicable environmental laws, permits, and approvals is a condition of the sale to the new buyers. SCG would be required to disclose any areas of suspected contamination and/or areas with past contamination that have been remediated to the prospective buyers. SCG must also comply with any mitigation measures imposed by the CPUC in this EIR as a condition of property transfer. Furthermore, the developers of the lots must comply with any mitigation measures required during the course of the future development of 36 lots by local, state and federal agencies. This EIR identifies and suggest mitigation measures that the CPUC contemplates these agencies to review and adopt in the course of this specific future development.

3.4 PROJECT OBJECTIVES

SCG has identified three project objectives associated with this sale:

- To remove SCG assets no longer necessary for public utility service – Since SCG has declared these properties as neither “necessary or useful” to its PDR gas storage operations, they are now considered to be surplus properties.
- To return these assets to the public – by accomplishing divestiture of these assets, the properties would be returned to the public for other uses.
- To provide a benefit to ratepayers – After divestiture, ratepayers would no longer be assessed for SCG’s ownership and stewardship of these surplus properties.

3.5 HISTORICAL BACKGROUND

All of the 36 lots proposed for sale overlie the existing SCG PDR Gas Storage Field, as shown on **Figures 3-3 and 3-4**. This gas storage field lies approximately 6,000 feet below ground surface and had an extensive history of exploration and extraction activity during the 20th century. Oil drilling in the PDR / MDR area began as early as 1921. Early holes drilled and abandoned in the area during 1925 and 1926 were not deep enough to reach the oil-producing zones. The discovery well for the PDR / MDR region was completed in 1929. Primary field development



Figure 3-5: Cluster 1 - Lot 6 on the Corner of 81st Street and Berger Place



Figure 3-6: Cluster 2 - Lots 3 and 4 on 82nd Street



Figure 3-7: Cluster 3 - Lots 14 through 16 on 83rd Street



Figure 3-8: Cluster 4 - Lots 6 and 7 on 85th Street

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Figure 3-9: Cluster 5 - Lot 11 on Saran Drive



Figure 3-10: Cluster 6 - Lots 14 through 18 on 83rd Street



Figure 3-11: Cluster 7 - Lots 28 through 30 on Manchester Avenue



Figure 3-12: Cluster 8 - Lots 17 through 20 on 79th Street and Lots 82 through 85 on 83rd Street



Figure 3-13: Cluster 9 - Lots 5 through 8 on 83rd Street



Figure 3-14: Cluster 10 - Lots 5, 6 through 7 on Calabar Avenue



Figure 3-15: Cluster 11 - Lots 18 and 19 on Calabar Avenue



Figure 3-16: Cluster 12 - Lots on Speedway Avenue in Marina del Rey

continued through the mid-1930s. By the early 1940s, production had reached its economic limit and operators abandoned oil production from the field. In 1942, as part of the national war effort, the federal government condemned and took possession of approximately 240 acres of the PDR / MDR region to use as a natural gas storage field. This gas storage field was transferred to the Reconstruction Finance Corporation in 1945. Then, in 1953, the Reconstruction Finance Corporation declared the field to be surplus and offered it for sale. SCG was the successful bidder and assumed operations in late 1953¹. SCG facilities were completed in 1956, at which time gas was injected and stored at depths of about 6,200 feet within the conglomerate trap zone. By July 1958, approximately 28 billion cubic feet of cushion gas had cycled in and out of the PDR Gas Storage Field². Since that time, numerous wells have been used for storage and retrieval of the gas. Currently, the gas storage field is operated through 54 wells directionally drilled from the lowlands and hilltop of PDR. Of these 54 wells, 25 are injection/withdrawal wells used to inject and extract gas, eight are liquid (primarily water) removal wells, three are lateral migration wells to control gas movement, and 18 are observation wells used to monitor pressure and liquid saturation. None of these 54 wells are connected to or associated with the 12 wells that are located on the 36 lots proposed for sale.

The 36 lots proposed for sale and the 12 wells associated with these lots were originally used or could have been used to monitor gases and liquids in the PDR gas storage zone (6,000 feet below ground surface). As shown in **Table 3-1**, all 12 wells have been abandoned³ and the lots do not support the operations and maintenance of the SCG's PDR Gas Storage Field.

A brief historical description of the abandoned wells found on the 12 lot clusters is provided below:

- **Joyce 1, Samarkand 1, 23-1, 29-1, and 29-2 (PDR)**

These wells were part of the fluid system that removed underground saltwater that would otherwise fill the porous rock in the storage zone. These wells were abandoned because they did not produce significant amounts of water and the cost to operate them exceeded the benefit.

- **Anglo American Champ No. 1, and O and M 1 (PDR)**

¹ SCG has indicated that although it did not complete the purchase of the field until 1953, SCG actually began operation of the Playa del Rey Storage Field in 1942. Letter to Mr. Roosevelt Grant, former CPUC Environmental Project Manager, CPUC dated October 2, 2003 from Mr. Gregory Healy, Regulatory Case Administrator, Sempra Energy.

² The total capacity of the Playa del Rey Storage Field in 1958 was 7 billion cubic feet; SCG indicates that the field has about the same capacity today. Letter to Mr. Roosevelt Grant, former CPUC Environmental Project Manager, CPUC dated October 2, 2003 from Mr. Gregory Healy, Regulatory Case Administrator, Sempra Energy.

³ California Division of Oil, Gas & Geothermal Resources (DOGGR) adopted regulations for well abandonment to ensure that well abandonments are done safely and effectively. These regulations are explained in detail in the California Code of Regulations (CCR), Title 14, Chapter 4, and provide procedures for well abandonment that prevent future migration of oil and gas, protection of groundwater quality, and protection of public safety. Specific requirements include plugging of the oil or gas zone with concrete or other acceptable material (judged by the DOGGR district deputy), possible recovery of well casings, and/or production of detailed records of well history, casing history, and plugging operations. After subsurface abandonment has been completed and the surface portions of the well are removed, DOGGR completes a final inspection of the well site to ensure that the well has been properly abandoned.

These wells were drilled in 1935 and abandoned in 1937 and 1936, respectively, because they were not producing oil in economically viable amounts. SCG did not operate these wells. However, SCG re-abandoned these wells in 1958 to meet existing California Division of Oil, Gas & Geothermal Resources (DOGGR) abandonment standards. These wells have never been involved in storage operations.

- **Hisey 1, Lor Mar 1, Merrill 1, and 13-1 (PDR)**

These wells were located in a smaller, separate reservoir (in the same formation as the main area) that was not providing usable storage capacity. This reservoir became saturated with water in the 1970s and has not been used since then.

- **Troxel 1 (MDR)**

This well was drilled in 1930 and produced oil from that time till its abandonment in 1993. It was re-abandoned in 1994 after leaking small amounts of native marsh gas. The well was located in a different reservoir and thus was not providing any value in the PDR gas storage field.

3.6 RELEVANT CUMULATIVE PROJECTS

CEQA Guidelines 15130 requires an EIR to discuss cumulative impacts of a project when the project's incremental effect is cumulatively considerable. CEQA Guidelines 15355 defines a cumulative impact as "two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts." Furthermore, CEQA Guidelines 15065(c) defines a cumulatively considerable impact as the incremental effects of an individual project when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probably future projects. To determine the relevant cumulative projects to be considered in this EIR, a survey was performed to determine closely related past, present, and reasonably foreseeable projects in the vicinity of the PDR and MDR project area. These relevant projects are listed below:

- **Village at Playa Vista** – A single-family subdivision in the Westchester–Playa del Rey Community Plan Area. This project is located about one mile north of the PDR lots and is currently under review by the City of Los Angeles. The project consists of the following two components: (1) a mixed-use community, and (2) a 6.7-acre riparian corridor and restoration/maintenance of a portion of the Westchester Bluffs adjacent to the riparian corridor. The project involves urban development on 99.3 acres, and habitat creation/restoration on 11.7 acres.
- **Mountain Gate** – A single-family subdivision in the Westchester–Playa del Rey Community Plan Area located approximately ten miles north of MDR. This project is currently under review by the City of Los Angeles.
- **Westchester Community Plan Update** – Refinement of the existing 1996 General Plan Framework Element to guide development through 2025. The City of Los Angeles identified potential impacts in the following areas: geology, air quality, noise, land use, transportation, public services, utilities, recreation, and population, employment, and

housing. The 36 lots proposed for sale are included within the Community Planning area. This plan update is currently under review by the City of Los Angeles.

- **Palisades Landmark Condominium Project** – Located within the Brentwood - Pacific Palisades Community Plan Area, this project consists of 20 apartment units in two buildings, construction of 25-story townhouses (3,000 square feet), and 57 four-story condos, on approximately four acres of hillside terrain. This project is located approximately nine miles north of the MDR lots and is currently under review by the City of Los Angeles.
- **Brentwood Project “The Park”** – This project consists of approximately 54,700 square feet of commercial uses in the Brentwood–Pacific Palisades Community Plan Area. This project, located about seven miles north of MDR, has already been approved by the City of Los Angeles.
- **Westside Medical Park** – Medical facilities consisting of the demolition of four buildings (approximately 226,368 square feet), construction of three medical offices (approximately 535,000 square feet), and an approximately 215,000 square-foot specialty surgical hospital on an 11.5-acre lot. The project is located near the intersection of Bundy Drive and West Olympic Boulevard (about five miles northeast of MDR) and is currently under review by the City of Los Angeles.

3.7 REQUIRED PERMITS AND APPROVALS

The wells associated with the lots proposed for sale were operated, maintained, and then abandoned under the general authority and supervision of DOGGR. The lots were originally plotted under the authority of the City of Los Angeles. It is necessary for the CPUC to approve this EIR as well as A.99-05-029 in order to complete the proposed sale of the 36 lots. Future development of the lots would be required to comply with existing zoning, building permits, and land use regulations, under the authority of the City of Los Angeles. Therefore, any future construction or active uses of the lots that would occur after the proposed sale would require approval from the City of Los Angeles. In addition to city building applications, permits and approvals may be necessary from the following agencies:

- Division of Oil, Gas & Geothermal Resources (DOGGR)
- South Coast Air Quality Management District (SCAQMD)
- City of Los Angeles
- County of Los Angeles
- California Occupational Health and Safety Administration (Cal/OSHA)
- Regional Water Quality Control Board (RWQCB)